GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2952
ANSWERED ON:10.08.2001
DEFAULTING NON-BANKING FINANCIAL COMPANIES
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government have initiated action against 20 major defaulting NBFCs;

(b) if so, the details thereof;

(c) the details of 50 major NBFCs having mobilised deposit of more than Rs. 20 crores from the public and the present status of these NBFCs; and

(d) the action taken by RBI/Company Law Board against CEAT Financial, Indian Seamless Financial and other companies ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b), (c) & (d) :- As per Reserve Bank of India, there are 50 major NBFCs holding public deposits of more than Rs. 20.00 crore as on 31.3.2001. Out of these, RBI has taken action against 17 major defaulting NBFCs in the form of rejection of their applications for Certificate of Registration, issuing prohibitory orders, institution of Criminal complaints, winding up petition, etc. Among the remaining 33 companies, functioning of 27 companies is normal, 6 are facing certain temporary liquidity problems but are not defaulting in repayment of public deposits. Details of 50 such NBFCs, including 17 major defaulting NBFCs, are at Annexure. Action taken by RBI/Company Law Board against 17 major defaulting NBFCs is shown against each company in this Annexure. The Eastern Region Bench of Company Law Board had passed 9 orders in respect of CFL Capital Financial Services Ltd. (Formerly known as CEAT Financial Services Ltd.) up to 18.4.2001 covering amounts aggregating Rs. 51,47,307.00 for 194 depositors. Company Law Board has further issued an order on 26.6.2001 prescribing a schedule of repayment covering a total of 93501 depositors with outstanding deposits of Rs. 1,58,99,62,756.00 (includes interest up to maturity) maturing between 1.4.2000 to 31.3.2005. The Company`s position is closely monitored by the Bank. The Indian Seamless Financial has merged with one of its associate companies, viz. Indian Seamless Securities Ltd. in terms of the final order passed by the Hon`ble High Court on 23.11.2000 on the scheme of amalgamation. The Company had outstanding deposits of Rs. 3.11 crore as on 31.10.2000. The Company Law Board had passed orders on 14.2.2000 and 23.2.2000 for 7 deposits of Rs. 0.78 lakh and 21 deposits of Rs. 2.43 lakh respectively. The Company has complied with the Company Law Board orders by effecting payments as per the Scheme of Arrangement approved by the High Court vide its orders dated 23.11.2000. However, it has not submitted affidavits of compliance with the Company Law Board orders so far.

Annexure

NBFCs holding public deposits more than Rs. 20 crore (As on March 31, 2001)

Name of the Company	Public Deposits (Rs. Lakhs)	Status	Action taken against defaulting NBFCs
ICDS Ltd.	13631	Temp. liquidity problem	Nil
Maha Rashtra Apex Corpn. Ltd.	15308	- do -	-do-
Manipal Fin. Corpn. Ltd.	3575	- do -	-do-
Vijaya Comm. Credit Ltd.	3458	Defaulting company	Application for Certification of Registration rejected and Prohibitory Order issued.
Vijaya Leasing Ltd.	2449	-do-	-do-
Kirloskar Investment	9804	-do-	Application for Certification of Registration (COR) rejected and winding up petition of the company filed in the Hon`ble Karnataka High Court. Criminal proceedings also have been initiated against the past Directors

for violations of the RBI Act/Directions
issued thereunder, as also for diversion
of funds.

Samrudhi Saving & Inv.(I) 3919 -do- -do-
Sundaram Finance Ltd. 67877 Normal Nil
Ashok Leyland Fin. Ltd. 22436 -do- -do-
Cholamandalam Inv. 18510 -do- -do-
& Fin. Co.
First Leasing Co. 8998 -do- -do-
of (I) Ltd.

T.N. Transport Dev.Fin. 26096 -do- -do-
Lakshmi Gen. Fin.Ltd. 13141 -do- -do-
Annamali Finance Ltd. 5645 -do- -do-
T.N.Ind. Dev.Corpn.Ltd. 16848+ -do- -do-
T.N. Power Fin. 24308 -do- -do-
& Infra.Dev.Ltd.
Integrated Fin Co Ltd. 6424 -do- -do-
India Cements Cap. 4230 -do- -do-
& Fin. Ltd.

Fidelity Finance Ltd. 2400+ Defaulting company Show Cause Notice issued for non-payment
of matured deposits. Bank has given six
months time for repayment of deposits.
The Invest.Trust of 3157 Normal Nil
India Ltd.

Sahara India Fin. 3950 -do- -do-
Corpn. Ltd.
Krishi Export Comm. 5656 Defaulting company Application for COR rejected and
Corpn. Ltd. Prohibitory Order issued. Winding
up petition filed.
Kuber Mutual Benefit 19279 -do- Denotified Nidhi. Bank has filed
Ltd. (Denotified Nidhi) winding up petition.

In Can Mutual Benefit 6658 -do- Being a Notified Nidhi, the Bank has
Ltd. (Notified Nidhi) taken up the matter with DCA who is
in the process of denotifying it.

Peerless General Fin. 792225 Temp. liquidity problem Nil
& Investment Co. Ltd.

Ceat Fin. Services Ltd. 12534 Defaulting company Supervisory letter issued.
Nicco Ucom alliance 10006 Normal Nil
Credit Ltd.

Janapriya Fin. & Inds. 3855 Defaulting company Application for COR rejected and
Prohibitory Order issued.
Investment IFB Fin.Ltd. 2721 -do- Application for COR rejected and
Prohibitory Order issued.

West Bengal Industrial 8180+ Normal Nil
Dev. Corpn. Ltd.
West Bengal Infra. 2380+ -do- -do-
Dev. Corpn.

Prudential Capital 4767 Defaulting company Application for COR rejected and
& Markets Ltd. Prohibitory Order issued. Criminal
complaint was filed for violation
of CLB Order.
Sanchayani Savings 59972 -do- Prohibitory Order issued, against
& Inv. Co. Ltd. which company has filed cases in
various Courts.
Rapti Nidhi Ltd. 6266 -do- Application for COR rejected and

Prohibitory Order issued.
Tata Finance Ltd. 92842 Normal Nil
Infrastructure Leasing
& Fin. Services Ltd. 32235 -do- -do-
Kotak Mahindra Fin.Ltd. 17344 -do- -do-
Alpic Finance Ltd. 3248 Defaulting company Company stopped accepting public
deposits. It has approached CLB for
reschedulement for repaying deposits.
Birla Global Fin. Ltd. 5258 Normal Nil
L & T Finance Ltd. 8743 -do- -do-
Lloyds Finance Ltd. 27965 Defaulting company Observer appointed. CLB has passed
Order rescheduling repayment of public
deposits.
Mahindra & Mahindra 4142 Normal
Fin. Services Ltd.

Kinetic Fincap Ltd. 3019 -do- Nil
SICOM Ltd. 3906 -do- -do-
Wall Street Fin. Ltd. 2019 -do- -do-
Jayabharat Credit Ltd. 2995 -do- -do-
Escorts Finance Ltd. 22115 -do- -do-
DCM Fin. Services Ltd. 6285 Defaulting company Observer appointed. Company submitted
plans for reorganization to the High
Court at Delhi.
MGF (I) Ltd. 3225 Temp. liquidity problem Nil
Motor General Fin. Ltd. 10355 -do- -do-

+ Provisional